

INTEGRATED SAFEGUARDS DATA SHEET

CONCEPT STAGE

Report No.: ISDSC7101

Date ISDS Prepared/Updated: 28-Jun-2016

Date ISDS Approved/Disclosed: 08-Jul-2016

I. BASIC INFORMATION

A. Basic Project Data

| | | | |
|---|---|------------------------------|------------------------------|
| Country: | Russian Federation | Project ID: | P147429 |
| Project Name: | Local Economic Development of Small Towns (P147429) | | |
| Task Team Leader(s): | Soraya Goga, Tatyana Shadrunkova | | |
| Estimated Appraisal Date: | 01-Dec-2016 | Estimated Board Date: | 25-Sep-2017 |
| Managing Unit: | GSU09 | Lending Instrument: | Investment Project Financing |
| Financing (In USD Million) | | | |
| Total Project Cost: | 250.00 | Total Bank Financing: | 200.00 |
| Financing Gap: | 0.00 | | |
| Financing Source | | | Amount |
| Borrower | | | 50.00 |
| International Bank for Reconstruction and Development | | | 200.00 |
| Total | | | 250.00 |
| Environmental Category: | B - Partial Assessment | | |
| Is this a Repeater project? | No | | |

B. Project Objectives

The proposed objective of the project is to support the economic development of selected small towns. This will occur through leveraging their economic assets, particularly cultural heritage assets.

C. Project Description

The Project will aim at leveraging investments in cultural heritage and tourism in an effort to improve the economic development of 3-5 selected towns. It will use an integrated development approach. It will, therefore, finance activities related to urban planning, tourism development, (including marketing and branding), and capacity building for cultural heritage management and tourism promotion. It will also finance investments in physical restoration of historic sites, and upgrading of surrounding infrastructure in historic core of the selected towns. This is a shift from

previous Bank financed projects which focused primarily on the rehabilitation of individual cultural heritage monuments.

Towns were selected through a two-phase selection process on the basis of methodology prepared by the Ministry of Culture (MOC) and endorsed by the Bank. Eligible towns for this competitive selection were 41 towns which already had status of historic settlement of federal significance and included in the List of historic settlements approved by the Order of the Ministry of Culture of the Russian Federation and the Ministry of Regional Development of the Russian Federation #418/339 of July 29, 2010. First, there was a set of pre-conditions (eligibility criteria) designed to short list the eligible towns for participation in the Project. In particular, this set of eligibility criteria were as following: (i) population of town from 10 thousand up to 100 thousand people; (ii) town already has status of historic settlement of federal significance in accordance to federal law 73-FZ dated June 25, 2002 (version of May 7, 2013); (iii) distance to the regional capital not exceeding 150 km; and (iv) absence of overdue regional arrears to the federal budget. Second, the eligible towns completed their applications and were subsequently ranked for participation in the project using a performance ranking system. The performance ranking system would include a set of transparent selection criteria based on historic significance, tourism potential, required basic infrastructure and readiness for implementation (including willingness to co-finance). The competitive process and willingness to co-finance criterion were to foster ownership by the selected towns whilst the remaining selection criteria would ensure the viability of the investments.

Proposed Project components include:

- (€ Component 1: Support for Economic Development and Tourism
- (€ Component 2: Physical Investments in Historic Towns
- (€ Component 3: Project Management and Monitoring

COMPONENT 1: SUPPORT FOR ECONOMIC DEVELOPMENT AND TOURISM. This component would finance the following 4 sub-components:

It is planned that this component would support the development of tourism and marketing strategies for the towns, small investments for strengthening the tourism potential of the selected historic towns and institutional capacity building for cultural heritage tourism.

Subcomponent 1.1. Support for Tourism Development and Marketing: This component of the project will support the development of the marketing strategies and branding to all selected towns for the project. In addition, this component will finance the establishment or expansion of tourism information centers. Successful destinations operate such centers as a focal point for the tourism including providing background information on the area; orientation with maps, exhibits and brochures in combination with basic amenities and services.

Subcomponent 1.2. Small investment subprojects for strengthening the tourism potential of Selected Historic towns: This subcomponent would assist selected towns in improving their tourism assets and promotion (including landscaping activities, limited small scale repair and construction, purchase of technology and equipment, furniture etc.) to ensure that the project participating towns receive a wide range of economic development benefits associated with cultural heritage tourism.

Subcomponent 1.3. Institutional Capacity Strengthening for Cultural Heritage Management and Tourism Development: This subcomponent will aim to provide support to the participating regions,

municipalities and their cultural institutions to manage their cultural resources (including those financed through the project) and marketing interventions, through an extensive training program. This training program will be delivered throughout the duration of the Project, and will include a combination of Long-Term and Short-Term trainings. Regional, municipal and cultural institutions would also be eligible for the training. The subcomponent would also facilitate exchange of experiences between participating small towns and their regions and cultural institutions for knowledge and innovation sharing via study tours and workshops.

COMPONENT 2: INVESTMENTS IN HISTORIC TOWNS.

This component will finance the physical investments in the 4 towns (selected urban fragments). The investments will include restoration and regeneration construction activities, upgrade and modernization of the engineering networks and municipal utility infrastructure, landscaping, and, whenever necessary, purchase and installment the equipment required for operation of the cultural institutions that will function at the territory of the selected urban fragments. The component would finance engineering design, construction supervision and civil works. Co-financing of required regional infrastructure (engineering, transport improvements) will be identified and then provided from Regional budgets.

COMPONENT 3: PROJECT MANAGEMENT AND MONITORING.

This component will finance goods and consultants services for project management and monitoring.

The content of the proposed components would be further developed at the later stages of the Project preparation.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The Project will be implemented in several selected small historic towns in the Russian Federation. The Russian Government considers this Project as a pilot that could subsequently be extended to other towns (and respective regions) of the Russian Federation.

E. Borrowers Institutional Capacity for Safeguard Policies

The Ministry of Finance (MoF), the Ministry of Culture (MoC) and the Implementing Agency (the St Petersburg Foundation for Investment Projects) have substantial experience in preparation and implementation of Bank-supported projects. FISP has internal controls for project implementation including financial management, procurement and safeguards and these proved as adequate and well established in the course of preparation and implementation of other Cultural Heritage related projects. FISP also has extensive experience in managing expected environmental and social impacts. Currently, FISP has one safeguards specialist and the Team will explore whether a second specialist would be required, during the course of preparation. Each Bank supervision mission will include safeguards specialist(s) to ensure the project compliance with the Bank safeguards.

F. Environmental and Social Safeguards Specialists on the Team

Arcadii Capcelea (GEN03)

Nicolas Perrin (GSU01)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

| Safeguard Policies | Triggered? | Explanation (Optional) |
|--------------------|------------|------------------------|
|--------------------|------------|------------------------|

| | | |
|---|-----|--|
| Environmental Assessment OP/BP 4.01 | Yes | OP 4.01 is triggered for the small to medium scale construction works anticipated under Component 2. As the civil works will not be identified prior to Appraisal, an Environmental Management Framework (EMF) will be prepared. This will provide guidance for the preparation of sub-project-specific Environmental Management Plans (EMP) which will be prepared as part of the design documentation for the sub-project investments. |
| Natural Habitats OP/BP 4.04 | No | |
| Forests OP/BP 4.36 | No | |
| Pest Management OP 4.09 | No | |
| Physical Cultural Resources OP/BP 4.11 | Yes | OP 4.11 is triggered as the project will support works affecting historic buildings, monuments and spaces. No separate Physical Cultural Protection Plan will be prepared as ensuring appropriate restoration is a core objective of the project. The EMF will describe the relevant national legislation and measures to ensure that the appropriate provisions are included in the site-specific EMPs. It will also describe required participation and oversight by relevant authorities. |
| Indigenous Peoples OP/BP 4.10 | No | |
| Involuntary Resettlement OP/ BP 4.12 | Yes | OP 4.12 Involuntary Resettlement policy is triggered. Issues are expected to be relatively minor, mainly temporary disruption of income sources. A Resettlement Policy Framework will be prepared and disclosed prior to Appraisal, and will provide principles and guidance for preparation of Resettlement Action Plans as needed during implementation. |
| Safety of Dams OP/BP 4.37 | No | |
| Projects on International Waterways OP/BP 7.50 | No | |
| Projects in Disputed Areas OP/ BP 7.60 | No | |

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 30-Sep-2016

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

Drafts of Environmental Management Framework and Resettlement Policy Framework have been prepared. Consultations are expected to be held by September 2016.

IV. APPROVALS

| | | |
|-------------------------------|--|-------------------|
| Task Team Leader(s): | Name: Soraya Goga, Tatyana Shadrinova | |
| <i>Approved By:</i> | | |
| Safeguards Advisor: | Name: Nina Chee (SA) | Date: 08-Jul-2016 |
| Practice Manager/ Manager: | Name: Bernice K. Van Bronkhorst (PMGR) | Date: 08-Jul-2016 |